

FINANCES OF THE NATION  
ANNUAL REPORT OF THE SECRETARY OF  
THE TREASURY.A LECTURE ON THE WICKEDNESS OF WEALTH—  
IMPORTS INCREASING AND EXPORTS  
DECREASING—AMERICAN COM-  
MERCE VANISHING.

Following is the full text of the annual report of the Secretary of the Treasury, laid before Congress yesterday. It states the surplus in the Treasury, June 30, 1888, at \$119,012,116.09; demands an immediate readjustment of the revenue system, and advises the cessation of gold and silver coinage. A large increase in imports and a decrease in exports carrying trade conducted in American vessels is steadily decreasing. Of 529,383 immigrants examined 1,118 were sent back. The receipts from internal taxes show a considerable increase. The system of non-partisan Civil Service "has been tried to a small extent." The Secretary declares that the use of steam presses in the Bureau of Printing and Engraving has produced satisfactory results and that "no complaint has been heard from the general public" concerning the quality of the work.

## THE REPORT.

Treasury Department,  
Washington, D. C., Dec. 3, 1888.Sir: I have the honor to submit the following re-  
port:

## RECEIPTS AND EXPENDITURES.

Fiscal year 1888.

The ordinary revenues of the Government from all  
sources for the fiscal year ending June 30, 1888, were:

From internal revenue	\$219,012,116.09
From sales of public lands	124,236,871.98
From profits on coinage, bullion deposits and assays	11,292,641.80
From fees—consular, letters-patent, and land	8,343,448.29
From customs fees, fines, penalties, &c.	1,097,443.20
From sinking fund for Pacific railways	1,370,331.43
From payment of interest by Pacific railways	681,604.95
From sale of Indian lands	483,183.25
From sale of Government property	31,500.00
From sale of surplus public lands	291,180.50
From deductions on mutilated notes, currency, &c.	112,420.05
From sale of condemned naval vessels	105,665.88
From revenues of the District of Columbia	2,650,350.81
From miscellaneous sources	1,568,712.84

Total ordinary receipts \$870,266,074.76

The ordinary expenditures for the same period were:

For civil expenses	\$22,852,334.03
For foreign intercourse	1,804,481.40
For Indian affairs	6,549,807.81
For pensions	80,288,508.77
For the military establishment, including soldiers and sailors' homes, permanent fund	38,202,430.11
For the naval establishment, including vessels, machinery and improvements, navy yard	10,926,487.65
For miscellaneous expenditures, including building, light-houses, and collecting the revenues	44,228,351.89
For expenditures in account of the District of Columbia	4,278,114.48
For interest on the public debt	44,718,972.84

Total ordinary expenditures \$428,653,958.67

Leaving a surplus of \$441,612,116.09

Which was applied as follows:

Purchase of bonds and sinking fund, including \$2,500,000 for premium	\$46,677,165.88
Redemption of	
fractional currency for sinking fund	7,400.00
Loan of July and August, 1881	24,350.00
Loan of 1883	11,300.00
Five-cent notes of 1862	1,500.00
Five-cent notes of 1863	1,500.00
Consols of 1865	58,850.00
Consols of 1867	67,500.00
Consols of 1868	67,500.00
Oregon war debt	150.00
United loan of 1861	83,100.00
Loan of July, 1882	4,175,750.00
Old demand, compound interest, fractional currency and interest notes	55,683.03

Total \$441,612,116.09

As compared with the fiscal year 1887, the receipts for 1888 have increased \$7,562,707.10, as follows:

Internal revenue	Increase.
Customs	\$5,473,708.78
From sale of public lands	1,947,730.81
From profits on coinage, assays, &c.	438,881.65
From fees—consular, letters-patent, and land	161,420.40
From sinking fund for Pacific railways	112,420.05
From payment of interest by Pacific railways	105,665.88
From sale of Indian lands	108,044.94
From sale of Government property	67,601.00
From sale of surplus public lands	32,787.00
From deductions on mutilated notes, currency, &c.	14,411.93
From revenues of the District of Columbia	3,250.00
From miscellaneous sources	\$3,270.92

Total \$7,562,707.10

There was a decrease in the ordinary expenditures of \$2,767,221.30, as follows:

Civil and miscellaneous	Decrease.
Interest on the public debt	\$2,767,221.30
For Department	35,569.79
For pensions	85,520,948.95
For military establishment	4,745,185.18
For naval establishment	1,118,000.00
For miscellaneous expenditures	\$2,767,221.30

Total \$2,767,221.30

For the present fiscal year the revenues, actual and estimated, are as follows:

Source.	1888.	1889.	Total.
Customs	\$61,404,839.94	\$155,505,100.78	\$217,010,000.00
Internal revenue	124,236,871.98	124,236,871.98	248,473,743.96
From sale of public lands	11,292,641.80	11,292,641.80	22,585,283.60
From fees—consular, letters-patent, and land	8,343,448.29	8,343,448.29	16,686,896.58
From customs fees, fines, penalties, &c.	1,097,443.20	1,097,443.20	2,194,886.40
From sinking fund for Pacific railways	1,370,331.43	1,370,331.43	2,740,662.86
From payment of interest by Pacific railways	681,604.95	681,604.95	1,363,209.90
From sale of Indian lands	483,183.25	483,183.25	966,366.50
From sale of Government property	31,500.00	31,500.00	63,000.00
From sale of surplus public lands	291,180.50	291,180.50	582,361.00
From deductions on mutilated notes, currency, &c.	112,420.05	112,420.05	224,840.10
From sale of condemned naval vessels	105,665.88	105,665.88	211,331.76
From revenues of the District of Columbia	2,650,350.81	2,650,350.81	5,300,701.62
From miscellaneous sources	1,568,712.84	1,568,712.84	3,137,425.68

Total ordinary receipts \$870,266,074.76

The ordinary expenditures for the same period, actual and estimated, are as follows:

Object.	Actual.	Estimated.	Total.
Civil and miscellaneous	\$22,852,334.03	\$22,852,334.03	\$45,704,668.06
For foreign intercourse	1,804,481.40	1,804,481.40	3,608,962.80
For Indian affairs	6,549,807.81	6,549,807.81	13,099,615.62
For pensions	80,288,508.77	80,288,508.77	160,577,017.54
For the military establishment, including soldiers and sailors' homes, permanent fund	38,202,430.11	38,202,430.11	76,404,860.22
For the naval establishment, including vessels, machinery and improvements, navy yard	10,926,487.65	10,926,487.65	21,852,975.30
For miscellaneous expenditures, including building, light-houses, and collecting the revenues	44,228,351.89	44,228,351.89	88,456,703.78
For expenditures in account of the District of Columbia	4,278,114.48	4,278,114.48	8,556,228.96
For interest on the public debt	44,718,972.84	44,718,972.84	89,437,945.68

Total ordinary expenditures \$428,653,958.67

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For interest on the public debt	44,718,972.84	44,718,972.84	89,437,945.68

as submitted by the several Executive Departments

and of the following:

Legislative	\$8,881,082.05
Executive	18,955,087.60
Judicial	1,917,565.00
Public Works	1,917,565.00
Military establishment	23,168,028.70
Naval establishment	23,168,028.70
Indian affairs	6,549,807.81
Pensions	80,288,508.77
Public Works	1,917,565.00
Legislative	8,881,082.05
Treasury Department	4,600,000.00
War Department	13,745,234.73
Navy Department	1,061,248.08
Department of Justice	3,800.00
Post office	21,204,000.74
District of Columbia	4,403,414.90
Interest on the public debt	20,900,819.00
Permanent annual appropriations	87,800,000.00
Sinking fund	1,370,331.43
Interest on the public debt	38,000,000.00
Refunding—customs, internal revenue, lands, &c.	12,403,000.00
Collecting revenue from customs	5,500,000.00
Miscellaneous	4,627,555.95
Total estimated expenditures, including sinking fund	\$232,507,483.84
Or an estimated surplus of	\$58,482,511.69

Excluding the sinking fund, the estimated expenditures will be \$224,507,483.84, showing a surplus of \$101,232,511.69.

SINKING FUND.

The requirements of the act of February 25, 1862 (R. S. 2,068, 3,689), establishing a sinking fund for the gradual extinguishment of the public debt, estimated for the current fiscal year at \$47,000,000, have been thus far met by the redemption of Treasury notes, fractional currency and bonds of the United States which had ceased to bear interest, amounting to \$77,797.35, and by the purchase of \$20,539,050 of the funded loan of 1907 and \$12,143,150 of the funded loan of 1891, at a cost to the fund for premium of \$7,072,221.30 on the former and \$844,206.73 on the latter loan.

SURPLUS REVENUE.

In the last annual report it was estimated that the revenues for the year to end June 30, 1888, would exceed the ordinary expenditures, not including the sinking fund, by \$111,000,000. It will be seen from the foregoing statement that such excess was in reality \$101,612,116.09, or \$6,012,116.09 more than the Department estimate. It was also estimated in the same report that the like surplus for the fiscal year to end June 30, 1889, would be \$104,313,265.64. Judging from the actual expenditures for the first quarter of this fiscal year, and in the light of receipts and expenditures to the middle of November, it is probable that this estimate will prove to have been fairly accurate, and that the surplus will almost exactly equal the predicted sum, a remarkable result since its factors were subject to all the uncertainties of future revenues and expenditures to be authorized by a Congress not yet assembled.

The accumulated surplus on September 29, 1888, was \$90,444,845.84; the surplus revenues from that date to June 30, 1888, are \$75,305,269.85, making the total accumulation on June 30, 1888, which could be used in the purchase of bonds, \$171,510,045.00; however, between said September 29 and November 23, \$44,309,509.50 has been paid for bonds; consequently if no more bonds were bought between now and June 30 next the surplus would then amount to \$127,000,000. Upon the basis of appropriations recommended by the Department, and upon the assumption that the revenues for the year to end June 30, 1889 and 1890, will be equal, the surplus revenues for the latter fiscal year will be \$101,000,000, which, with the surplus revenues of this year and the surplus already accumulated, make a total of \$228,000,000, which might be used during the next nineteen months in the purchase of the interest-bearing debt, and which could be used for that purpose, unless the Government should choose to reduce the difference between the surplus and the deficit by nearly that sum. About \$15,000,000 of the 4 1/2 per cent bonds are now outstanding; they are payable September 1, 1891. The total amount of interest which will accrue on them from now until their maturity is in round numbers \$25,000,000; consequently the present surplus and the surplus which will probably accrue before July 1, 1890, will suffice to pay the principal of those bonds and all the interest which would accrue upon them should they be permitted to remain unpaid until their maturity.

The principal of the 4 per cent bonds is now \$650,000,000, and the interest which could accrue upon them until their maturity in 1907 is about \$500,000,000; a calculation will show that the present surplus revenues, if continued, would pay before 1900 all of these 4 per cent bonds and all of this interest. Of course, all the money which is saved by purchase of bonds at less than their par value and the interest to accrue on them, but shortens the period of time when the bonds may be paid if the holders will surrender them. Nothing more is needed than the foregoing statement to show the absolute necessity of a readjustment of the public revenues at the earliest possible date.

That it will be necessary to pay nearly the whole of the interest which will accrue upon the public debt of last year's bonds, and that the present surplus revenues if it attempts to make the present surplus revenues to be used to the present surplus revenues, it is evident that even now the Government is paying for the 4 1/2 per cent bonds a price which requires only about 1 1/2 per cent annually, and receives but meagre offerings of them at that price.

To continue taxation with no other use for its proceeds than such an investment is a cruel waste of the people's money.

PURCHASE OF BONDS.

Since the last annual report, and after the completion of the sinking fund requirements for the year ended June 30, 1888, no bonds were bought until there had been an expression of opinion by the House of Representatives, and that the resolutions in both houses of Congress, and that the then state of public opinion in many parts of the country upon this question, both as to its legality and propriety, it seemed wise to seek the co-operation of the Congress in this important matter. I am confident that the delay in the purchase of bonds will waiting for the Congress to act, in no substantial pecuniary harm to the Government. The purchase of bonds by the Government of April 1, 1888, and since that time nearly all the bonds have been offered for sale to the Government have been bought by it, as will appear from an inspection of the bond-purchase book. Of course many offerings of bonds have been declined because the price was thought to be too high, but finally, almost all of the offered bonds were bought at some price. An example was a par value of only clearly. Certain bonds so often that the offerings aggregated \$10,700,000, but they were at last aggregated \$10,700,000. Ninety-four millions of dollars have been secured under this circular, and a premium paid for the privilege of buying them of about \$15,000,000; the net rate of interest realized from this investment is 2 per cent, and the total amount of interest which would have been paid had the bonds been allowed to run to maturity is about \$27,000,000. The Government, and if it is worth in their business to them, that they would have been paid for the privilege of buying them of about \$15,000,000; the net rate of interest realized from this investment is 2 per cent, and the total amount of interest which would have been paid had the bonds been allowed to run to maturity is about \$27,000,000.

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